



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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September 25, 2001

**TO:** House and Senate Leadership  
Fiscal Committee Chairs

**FROM:** Marty Brown, Director

**SUBJECT: CAPITAL ALLOTMENTS**

I am taking this opportunity to communicate with you about actions that are being taken by my office.

Given the very serious nature of recent national and state events related to the airline industry and other vital economic activities, OFM is currently assessing the scale of negative impacts to state budgets, including the capital budget.

The recent events are coupled with an expectation of continued reductions in general fund revenues, which in turn have a very direct impact on our ability to issue new bonds to finance construction projects. At this time, we have no schedule or ability to predict when we will have this information. Given this we are not in a position to approve new capital allotments that utilize general obligation bonds and, in the case of education agencies, the Education Construction Account, until more information is available.

Although it is not yet decided, this may involve rescinding allotments that have already been approved.

Please understand that I am aware of the disruption that this action can cause. However, this pales in comparison to the real possibility of later having to stop a large number of major projects that are underway when the full extent of bonding restraints is upon us. It is to this end and my intent to preserve financial flexibility for decision makers as we face these uncertain economic times.

Be assured that we are involving appropriate legislative staff and other financial experts in a collaborative effort to assess the situation in a timely manner. We will continue to be in contact with you as we develop more information.

cc: Washington State Legislators